

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 2077*

Short Title: Strengthen MH/DD/SA Private Providers. (Public)

Sponsors: Representatives Insko, Alexander, Barnhart, Earle (Primary Sponsors); England, Justice, Steen, B. Allen, Bordsen, Brown, Coleman, Culp, Farmer-Butterfield, Fisher, Glazier, Goodwin, Harrison, Lucas, Luebke, McLawhorn, Rapp, Spear, Underhill, Wainwright, Weiss, Womble, and Wray.

Referred to: Health.

May 18, 2006

A BILL TO BE ENTITLED

1 AN ACT TO ASSIST PRIVATE PROVIDERS TO DELIVER MENTAL HEALTH,
2 DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES
3 AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT
4 COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,
5 AND SUBSTANCE ABUSE SERVICES.
6

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 122C-3(14) reads as rewritten:

9 **"§ 122C-3. Definitions.**

10 As used in this Chapter, unless another meaning is specified or the context clearly
11 requires otherwise, the following terms have the meanings specified:

12 ...

13 (14) "Facility" means any person at one location whose primary purpose is
14 to provide services for the care, treatment, habilitation, or
15 rehabilitation of the mentally ill, the developmentally disabled, or
16 substance abusers, and includes:

- 17 a. An "area facility", which is a facility that is operated by or
18 under contract with the area authority or county program. For
19 the purposes of this subparagraph, a contract is a contract,
20 memorandum of understanding, or other written agreement
21 whereby the facility agrees to provide services to one or more
22 clients of the area authority or county program. Area facilities
23 may also be licensable facilities in accordance with Article 2 of
24 this Chapter. A State facility is not an area facility;

- b. A "licensable facility", which is a facility that provides services to individuals who are mentally ill, developmentally disabled, or substance abusers for one or more minors or for two or more adults. ~~When the services offered are provided to individuals who are mentally ill or developmentally disabled, these~~ These services shall be day services offered to the same individual for a period of three hours or more during a 24-hour period, or residential services provided for 24 consecutive hours or more. ~~When the services offered are provided to individuals who are substance abusers, these services shall include all outpatient services, day services offered to the same individual for a period of three hours or more during a 24-hour period, or residential services provided for 24 consecutive hours or more.~~ Facilities for individuals who are substance abusers include chemical dependency facilities;
- c. A "private facility", which is a facility that is either a licensable facility or a special unit of a general hospital or a part of either in which the specific service provided is not covered under the terms of a contract with an area authority;
- d. The psychiatric service of the University of North Carolina Hospitals at Chapel Hill;
- e. A "residential facility", which is a 24-hour facility that is not a hospital, including a group home;
- f. A "State facility", which is a facility that is operated by the Secretary;
- g. A "24-hour facility", which is a facility that provides a structured living environment and services for a period of 24 consecutive hours or more and includes hospitals that are facilities under this Chapter; and
- h. A Veterans Administration facility or part thereof that provides services for the care, treatment, habilitation, or rehabilitation of the mentally ill, the developmentally disabled, or substance abusers."

SECTION 2. G.S. 122C-112.1(a) is amended by adding a new subdivision

to read:

"§ 122C-112.1. Powers and duties of the Secretary.

- (a) The Secretary shall do all of the following:

- ...
- (31) Implement standard forms, contracts, processes, and procedures to be used by all area authorities and county programs with other public and private service providers. These processes and procedures shall include standardized denial codes and a standard policy regarding the coordination of benefits. The Secretary shall consult with area authorities and county programs regarding the development of these

1 forms, contracts, processes, and procedures. Any document or process
2 developed under this subdivision shall place an obligation upon
3 providers to transmit to area authorities and county programs timely
4 client information and outcome data. The Secretary shall also adopt
5 rules regarding what constitutes a clean claim for purposes of billing.
6 When implementing this subdivision, the Secretary shall balance the
7 need for area authorities and county programs to exercise discretion in
8 the discharge of their management responsibilities with the need of
9 private service providers for a uniform system of doing business with
10 public entities. The Secretary shall also (i) identify other areas of
11 standardization that may be implemented without undermining the
12 authority of area authorities and county programs, and (ii) identify and
13 eliminate processes and procedures that are duplicative or result in
14 unnecessary paperwork."

15 **SECTION 3.** G.S. 122C-142(a) reads as rewritten:

16 **"§ 122C-142. Contract for services.**

17 (a) When the area authority contracts with persons for the provision of services,
18 ~~the area authority~~ it shall use the standard contract adopted by the Secretary and shall
19 assure that these contracted services meet the requirements of applicable State statutes
20 and the rules of the Commission and the Secretary. However, an area authority or
21 county program may amend the contract to comply with any court-imposed duty or
22 responsibility. Terms of the standard contract shall require the area authority to monitor
23 the contract to assure that rules and State statutes are met. It shall also place an
24 obligation upon the entity providing services to provide to the area authority timely data
25 regarding the clients being served, the services provided, and the client outcomes. The
26 Secretary may also monitor contracted services to assure that rules and State statutes are
27 met."

28 **SECTION 4.** This act is effective when it becomes law.